

1 IN THE STATE COURT OF GWINNETT COUNTY

2 STATE OF GEORGIA

3 KIM HILL and ADAM HILL, surviving  
4 children and Co-Administrators of  
5 the Estates of Melvin Hill and  
Voncile Hill, Deceased,

VOLUME 28 of 28

6 Plaintiffs,

7 v.

CIVIL ACTION FILE  
NO.: 16-C-04179-S2

8 FORD MOTOR COMPANY, THE PEP BOYS-  
9 MANNY, MOE & JACK (INC.), CURTIS  
CLINTON THOMPSON, JR., WILLIE  
BRASWELL, and DONALD TAYLOR,

10 Defendants.  
11  
12  
13

14 JURY TRIAL PROCEEDINGS

15 BEFORE THE HONORABLE JOSEPH IANNAZZONE  
16 By Designation for Division 2

17 August 1st through August 19th, 2022

18 Gwinnett County Justice and Administration Center  
19 75 Langley Drive  
20 Lawrenceville, Georgia 30046  
21  
22

23 Randi E. Strumlauf, CCR, CER, LER  
24 randi.strumlauf@gwinnettcountry.com  
25 770-822-8697

APPEARANCES OF COUNSEL

ON BEHALF OF PLAINTIFFS:

Butler Prather LLP  
105 13th Street  
Columbus, Georgia 31901

JAMES E. BUTLER, JR.  
DANIEL E. PHILYAW

Mahaffey Pickens Tucker LLP  
1500 North Brown Road, Ste. 125  
Lawrenceville, Georgia 30043

GERALD DAVIDSON, JR.

Bondurant Mixson & Elmore  
1201 West Peachtree Street NW  
Atlanta, Georgia 30309-3417

MICHAEL B. TERRY  
FRANK M. LOWERY IV  
LAURIE ANN TAYLOR

ON BEHALF OF DEFENDANTS:

Huie Fernambucq & Stewart LLP  
3291 Highway 280, Ste. 200  
Birmingham, Alabama 35243

PAUL F. MALEK

Troutman Pepper  
600 Peachtree Street NE, Ste. 3000  
Atlanta, Georgia 30308-2216

WILLIAM N. WITHROW, JR.

Watson Spence LLP  
999 Peachtree Street NE, Ste. 1130  
Atlanta, Georgia 30309

MICHAEL R. BOORMAN  
PHILIP A. HENDERSON

Thompson Coe Cousins & Irons LLP  
701 Brazos Street, Ste. 1500  
Austin, Texas 78701

MICHAEL W. EADY

1 right hand?

2 THE WITNESS: (Complying.)

3 MR. PHILYAW: Do you solemnly swear that the  
4 testimony you are about to give shall be the truth, the  
5 whole truth, and nothing but the truth, so help you God?

6 THE WITNESS: Yes, sir.

7 JOSHUA BROOKS,  
8 having first been duly sworn, was examined and testified as  
9 follows:

10 DIRECT EXAMINATION

11 BY MR. PHILYAW:

12 Q Please state your name for the record.

13 A Joshua Brooks.

14 Q And where do you live, Dr. Brooks?

15 A I live in Columbus, Georgia.

16 Q And what is your occupation?

17 A I'm an assistant professor of finance.

18 Q And where are you an assistant professor in finance?

19 A Columbus State University.

20 Q And the jury may have picked up on this, but I'm  
21 calling you Dr. Brooks. Have you earned a doctorate degree?

22 A Yes, sir.

23 Q And what is that in?

24 A I have a PhD in finance.

25 Q Well, let's back up just quickly and kind of start

1 from the beginning of your education. Do you have a bachelor's  
2 degree?

3 A Yes, sir.

4 Q And what's that in?

5 A General engineering with an emphasis in mechanical  
6 engineering.

7 Q And where'd you get that from?

8 A Union University.

9 Q Okay. Did you receive any education after that?

10 A Yes, sir.

11 Q What education did you receive?

12 A A master's in finance.

13 Q And where's that from?

14 A The University of Alabama.

15 Q Did you have any sort of particular track that you  
16 were on while you were at the University of Alabama?

17 A I was on the more computational track. The name  
18 changed around the time I was in school there. It was called  
19 financial engineering or the risk management track.

20 Q And what kinds of classes did you take when you were  
21 on that track?

22 A I took a wide variety of classes in general corporate  
23 finance and economics and also in financial derivatives.

24 Q So sounds like a lot of calculation?

25 A Yes, sir.

1 Q Are those types of skills that you use on a daily  
2 basis?

3 A Yes, sir. They play into my research portfolio and  
4 also into consulting.

5 Q Then did you get any education after your master's  
6 degree?

7 A Yes, sir.

8 Q And what was that?

9 A A PhD in finance.

10 Q What was your dissertation on?

11 A My dissertation was titled "Three Essays on  
12 Investments and Time Series Econometrics." It was an  
13 application of time series mapped to sub -- selected problems  
14 in the derivative space.

15 Q And can you explain to us what "econometrics" is? I  
16 certainly don't know.

17 A Econometrics is the set of statistical tools in  
18 economics to test different ideas. Another way of saying it is  
19 it's taking some of the math endemic to rocket science and  
20 applying it to financial brainstorming.

21 Q And, so, after you got your PhD, what did you go on  
22 to do?

23 A I was an assistant professor at a state school called  
24 Lander University.

25 Q Dr. Brooks, could you just get a little bit closer to

1 the mic for us so we can all make sure that we hear you.

2 A Is that okay?

3 Q Much better.

4 A Okay.

5 Q Thank you. All right. So you said that you were at  
6 -- you started your work at Lander University. Was that your  
7 first academic appointment?

8 A Yes, sir. I taught while I was a PhD student, and,  
9 then, my first academic appointment was there. As a state  
10 school, I taught in the school of management. And that's a  
11 AACSB-accredited school which puts it in the top 5 percent  
12 business schools worldwide.

13 Q And where did you go -- did you -- are you still at  
14 Lander University?

15 A No, sir.

16 Q Where did you go after that?

17 A Columbus State.

18 Q And is that where you are today?

19 A Yes, sir.

20 Q What kinds of classes do you teach at Columbus State  
21 University?

22 A I've taught a wide variety of classes. I teach the  
23 "intro to corporate finance" class. I've taught business  
24 statistics. I teach an insurance class. I teach a real estate  
25 class. I teach the more advanced "financial statement

1 analysis" class from time to time.

2 Q And when you're teaching students about things like  
3 advanced financial statement analysis, do you review financial  
4 statements yourself?

5 A Yes, I have.

6 Q Do you teach others how to review financial  
7 statements?

8 A Yes, sir. I actually teach that in the intro to  
9 finance class next week in the chapters that cover that  
10 section. Last night I was recording some videos. My stay here  
11 in Columbus has been a bit longer -- or excuse me, my stay here  
12 has been a bit longer than anticipated so I wanted to make sure  
13 that I supplied material for my students.

14 Q In the course of your career have you also developed  
15 classes in finance as well or certain types of curriculum?

16 A I have done some curriculum development. Often when  
17 you're teaching a new course or teaching at a new university,  
18 you kind of have to build out what material is important and  
19 what needs to be covered to help students prepare for their  
20 careers.

21 Q Have you authored publications in your field?

22 A Yes, sir.

23 Q What types of publications have you authored?

24 A I have done some of the statistical analysis on some  
25 marketing research. I've also done research in the finance

1 space with a focus on derivatives which tends to be the more  
2 computational derivatives.

3 Q Okay. Have you spoken or presented at any  
4 professional meetings or conferences?

5 A Yes, sir, a number of times.

6 Q In addition to your work as a professor, do you do  
7 any type of work outside of that?

8 A I do some consulting and occasionally I do expert  
9 testimony work, though in some years there's no work in either  
10 space.

11 Q Okay. And as part of your consulting work, do you  
12 often have reason to review a company's financial statements or  
13 public financial documents?

14 A Yes, sir, when applicable.

15 Q What types of financial documents or public filings  
16 might you examine?

17 A The annual filings of a company that have to be filed  
18 with the respective regulator in that space. If it's a  
19 publicly traded company, then those filings are with the SEC.  
20 If it's a company that's issuing bonds, that may be with the  
21 Municipal Securities Rulemaking Board.

22 Q What types of filings are made with the SEC?

23 A So the SEC expects that investors should know what  
24 they're purchasing before they buy things in the stock market.  
25 And, so, publicly traded companies are required to turn in a



1 wide variety of filings to the SEC to indicate their financial  
2 condition.

3 Q Can you tell us what some of those filings are, what  
4 their names are?

5 A So there are statements about insiders trading.  
6 There are quarterly statements and annual statements like the  
7 10-K and the 10-Q.

8 Q And does your training and experience aid you in  
9 analyzing and understanding those types of documents such as  
10 the 10-K and the 10-Q?

11 A Yes, sir. The intro to finance class is a class I've  
12 taught for about ten years, including time I taught at -- as a  
13 PhD student. In that class, fairly early on in the course,  
14 it's typical to review a company's financial statements. And I  
15 have, in the course of teaching that class, looked at and  
16 taught hundreds and hundreds of students and probably looked at  
17 hundreds of 10-Ks. It's a common project I assign to students  
18 to analyze the annual financial statements of a publicly traded  
19 company.

20 Q So it's fair to say that you look at financial  
21 statements a lot?

22 A Yes, sir.

23 Q And is that something that's particularly common in  
24 your field as a professor of finance?

25 A It is.

1 MR. PHILYAW: Your Honor, I tender Dr. Brooks as an  
2 expert witness in financial statement analysis,  
3 evaluation, financial engineering, and applied  
4 econometrics.

5 MR. BOORMAN: No objection, Your Honor.

6 THE COURT: Go ahead.

7 MR. PHILYAW: Thank you.

8 BY MR. PHILYAW:

9 Q All right. Dr. Brooks, we've heard from a variety of  
10 experts, a number of experts over the last couple of weeks,  
11 some of which had testified they'd been deposed many times.  
12 I'd like to ask you how many times have you been deposed?

13 A I've been deposed twice.

14 Q And how many times have you testified at trial?

15 A Only once.

16 Q Have you ever worked for Plaintiffs Kim and Adam  
17 Hills' lawyers before this case?

18 A Not that I recall.

19 Q And to the best of your knowledge, had you even  
20 spoken to any of us before May or June of this year?

21 A No, sir.

22 Q Did you even speak to plaintiffs' lead counsel, Jim  
23 Butler, until a couple days ago?

24 A No, sir.

25 Q Now, like anyone, you don't work for free, do you,

1 Dr. Brooks?

2 A I don't.

3 Q And what do you charge for your time when you're  
4 doing consulting?

5 A Three-fifty an hour.

6 Q Tell the jury about the work that you did in this  
7 case.

8 A So in this case I was asked to review portions of the  
9 annual filings from Ford and develop some opinions on the  
10 overall financial health of this company.

11 Q And what types of financial documents did -- of  
12 Ford's did you review?

13 A Their annual statements which is the 10-K form.

14 Q Are those large documents?

15 A Yes, sir.

16 Q Are they --

17 A Hundreds of pages.

18 Q Approximately this big?

19 A I didn't print them out but I do remember the PDFs  
20 being 3- to 400 pages each.

21 Q Now, you told us a little bit about the 10-K. You  
22 said -- what agency are those supposed to be filed with, again?

23 A The Securities and Exchange Commission.

24 Q And why are they filed with the Securities and  
25 Exchange Commission?

1           A     In financial markets, it makes sense that investors  
2     are able to see financial information about the companies that  
3     they invest in. Since this company is a publicly traded  
4     company, investors have a right to know what is it that they're  
5     buying, what is the financial health of the firm, what are the  
6     prospects moving forward, and so on.

7           Q     And, obviously, that's -- those reports contain a lot  
8     of information on a variety of subjects; is that right?

9           A     Yes, sir.

10          Q     Are these documents that are publicly available?

11          A     They are; the sec.gov. And if you put in the firm's  
12     ticker, you can go right to the same documents that I was able  
13     to look at.

14          Q     And just to be clear, who prepares a Form 10-K?

15          A     There are a large number of individuals that have a  
16     hand in building these things. There's a lot that has to be  
17     certified by independent accountants, the legal department.  
18     It's not an insignificant job to put these together.

19          Q     But who are they ultimately submitted by?

20          A     Ultimately, the CEO of the firm signs off that to the  
21     best of their knowledge these are accurate documents that  
22     reflect the true condition of the firm.

23          Q     So they have to be certified by a company or  
24     certified by an officer of the company?

25          A     Yes, sir.

1 Q Now, did you inspect a range of these 10-K filings  
2 for Ford in this case?

3 A Yes, sir.

4 Q Which years did you examine?

5 A The most recent year, 2021, and then the three years  
6 prior -- 2020, 2019, and 2018.

7 (Counsel confer privately.)

8 BY MR. PHILYAW:

9 Q All right. So you said that Ford would've been the  
10 one to submit these documents. So are these Ford's own  
11 figures?

12 A Yes, sir.

13 MR. PHILYAW: Your Honor, may I approach the witness?

14 THE COURT: Yes.

15 BY MR. PHILYAW:

16 Q Dr. Brooks, I'm handing you a pool of documents here  
17 marked PX-754A, PX-755A, PX-756A, and PX-757A. What are these?

18 A So these appear to be selected pages from the 10-K  
19 filings.

20 Q Okay. And are those the 10-K filings that you  
21 reviewed for this case?

22 A Yes, sir.

23 Q Are these documents submitted to a government agency?

24 A They are.

25 Q And does it say which government agency those are

1 submitted to?

2 A United States of America Securities and Exchange  
3 Commission.

4 Q Take a look at the first page of those, Dr. Brooks.  
5 Is -- what's on the first page of those documents?

6 A There is an attestation that this was received by the  
7 commission under the name Ford Motor Company pursuant to the  
8 relevant acts of the commission.

9 Q And is it signed by anyone?

10 A It's signed by the Secretary of the US Securities and  
11 Exchange Commission.

12 Q Now, Dr. Brooks, could you take a look at the next  
13 page of those documents. Who are they submitted by?

14 A The name of the registrant here is Ford Motor  
15 Company.

16 Q And in those documents are there certifications by  
17 any officers of Ford Motor Company?

18 A Yes, sir. We have the certification of the chief  
19 executive officer, certification of the chief financial  
20 officer.

21 MR. PHILYAW: Your Honor, at this time I would offer  
22 Plaintiffs' Exhibits 754a, 755a, 756a, and 757a into  
23 evidence.

24 (Plaintiffs' Exhibit Numbers PX-754a, PX-755a,  
25 PX-756a, and PX-757a are TENDERED into evidence.)

1 MR. BOORMAN: And, Your Honor, we object to those  
2 exhibits on the basis of relevance in 403 as they're not  
3 limited to the vehicle in this case or the United States  
4 or the state of Georgia.

5 THE COURT: They are admitted.

6 (Plaintiffs' Exhibit Numbers PX-754a, PX-755a,  
7 PX-756a, and PX-757a are ADMITTED into evidence over  
8 objection.)

9 MR. PHILYAW: Thank you.

10 All right. Charlie, could you please pull up 757a  
11 for us, please?

12 BY MR. PHILYAW:

13 Q All right. Dr. Brooks, I believe this is 757a in  
14 your stack there, if you want to pull that one out. Do you  
15 have it in front of you?

16 A Got it.

17 Q Great. All right. So as you were just discussing,  
18 is this the attestation that you pointed out as we were talking  
19 about earlier?

20 A Yes, sir.

21 Q All right. And just for the jury, what does it say  
22 there about the attestation?

23 A (As read) "The attached Form 10-K was received in  
24 this commission on 2/4/2022 under the name of Ford Motor  
25 Company, File Number 001-03950, pursuant to the relative acts

1 of the commission."

2 Q And then there's that signature down there in the  
3 bottom right-hand corner of the document. Is that what you  
4 were referring to?

5 A Yes, sir.

6 Q Take a look at the next page, Dr. Brooks. Now, does  
7 this page reflect who submitted the document?

8 A Yes, sir.

9 Q All right. And who does it say it's from?

10 A Ford Motor Company.

11 Q Does it say when it was submitted and for what years  
12 it was submitted?

13 A So we have Ford fiscal year ended December 31, 2021.

14 And then --

15 Q Yeah.

16 MR. PHILYAW: Charlie, can you pull it up a little  
17 closer? Yeah, just that top part. Perfect.

18 THE WITNESS: So that's the fiscal year end date  
19 there.

20 BY MR. PHILYAW:

21 Q Okay. And, so, the fact that this document was  
22 submitted in 2022, does that mean that it reflects the  
23 information from Ford's 2021 business year?

24 A Yes, sir.

25 Q Okay. What other -- is there other information on



1 this page that's useful in your identification or  
2 identification of financial information about Ford Motor  
3 Company?

4 A Yes, sir. There's items near the bottom of this  
5 first page that discuss some measures of the firm's common  
6 stock, the larger paragraph towards the bottom.

7 Q Yes, that's it. Dr. Brooks, would you read to the  
8 jury what it says there. It's still going to be kind of small.

9 A We have a midyear measure of the number of shares of  
10 common stock. In Class B stock, we have a composite  
11 transaction closing price here of 14.86 per share. Aggregate  
12 market value of the first common stock was \$58,309,292,659.

13 Q Okay. Is that number referred to in some sort of  
14 common term?

15 A Often we refer to that as the "market capitalization"  
16 of this firm, how much is the value of the firm's outstanding  
17 equity. Often this will be abbreviated as "market cap" for  
18 short.

19 Q And just quickly to explain, just in case it wasn't  
20 clear, how do you calculate market cap?

21 A So the way this is calculated is: What would it cost  
22 to purchase all of this firm's equity in the open market at the  
23 current market price?

24 Q And was this part of the information that you  
25 reviewed and helped formulate your opinions in this case?

1 A Yes, sir.

2 Q Let's turn into the next page.

3 (Messrs. Philyaw and Butler confer privately.)

4 BY MR. PHILYAW:

5 Q Okay. Dr. Brooks, would you repeat what the market  
6 cap of Ford Motor Company was after you made that calculation  
7 or after they made that calculation?

8 A Approximately \$58 billion.

9 Q All right. Let's turn to the next page. And  
10 Dr. Brooks, what are we looking at here; what is -- what is  
11 this table?

12 A So this is the income statement for Ford Motor  
13 Company.

14 Q And what is an income statement?

15 A So this is -- this is a measure of things that have  
16 occurred over the fiscal year. All of the revenues that have  
17 come in, the expenses used to support those revenues, and then  
18 money that is attributable to the firm's common stock holders.

19 MR. PHILYAW: And, Charlie, zoom out just real quick.

20 I want to zoom in on the header of that table there.

21 BY MR. PHILYAW:

22 Q How are these numbers reflected in the document?

23 A Well, because these are very, very large numbers,  
24 they're often abbreviated. And, so, if, for instance, you look  
25 at the number 17,937 on the bottom right, instead of adding all

1 of the additional digits, each number here is in billions. So  
2 that 17,000 is really 17,000,000,000.

3 Q All right. Dr. Brooks, what types of figures on the  
4 income statement did you look at in this case; did you look at  
5 all?

6 A I went through each one in order to get a deeper  
7 sense of the financial health of this firm. Would you like me  
8 to step through kind of the broad categories, each section?

9 Q Well, let's start just by going through some of the  
10 figures that you thought were particularly important from the  
11 income statement.

12 A So the revenue is very important. That's the cash  
13 coming in for the company. And below that -- the total revenue  
14 of the 136,341 on the right, that is the total revenue  
15 generated by the different lines of business. The next --

16 Q Just before you move on Dr. Brooks, to be clear, like  
17 our other figure at the bottom that was ultimately in billions,  
18 does that reflect in billions of dollars?

19 A Yes, sir.

20 Q Okay.

21 A \$136 billion.

22 Q Okay.

23 A The 131,818 is another important number. This is the  
24 costs used to generate those revenues.

25 And then as we move down, we have a couple other figures.

1 The key one here, sometimes referred to as the "bottom line,"  
2 is the net income number, and that is 17,937 or almost  
3 \$18 billion in profits for this year.

4 Q Okay. Let's turn to the next page. And what is this  
5 table that we're looking at?

6 A So this is the balance sheet.

7 Q All right. And likewise it -- how is it reflected in  
8 terms of its dollar figures?

9 A The same way; each number is in billions to  
10 abbreviate easily.

11 Q Dr. Brooks, what numbers can you tell us about or  
12 what were particularly important from the balance sheet?

13 A So balance sheet is a measure: At the end of the  
14 fiscal year, what is the dollar value of these different  
15 categories? This is helpful for investors to evaluate a firm's  
16 financial health, because they want to know the money that was  
17 invested with this firm, what was it used to purchase and what  
18 -- what is the value of those things from an accounting  
19 standpoint.

20 The first key number I point to is on the top right. That  
21 is the amount of cash and cash equivalent held by this company.  
22 It's in millions. So we have \$20,540,000,000.

23 Q And, so, what does "cash and cash equivalents" mean?

24 A Then -- you can think about this as almost a bank  
25 savings account. That's the dollars that are set aside. They

1 can be used for a variety of purposes. But on this date, that  
2 was the number of dollars essentially in the bank account.

3 Q So it's basically \$20 billion on hand?

4 A Yes, sir.

5 Q Okay. What -- what's another figure that's  
6 particularly important from the balance sheet?

7 A The -- let's see. If we could go all the way down to  
8 the bottom. Actually, I think it was shown there; 257,035,  
9 this is the book value of total assets for this firm. So based  
10 on the different ways that accounting standards are used, if  
11 you had to say according to their financial statements what is  
12 the total value of this firm, \$257 billion is the total assets  
13 there.

14 Q Okay. But, likewise, it's also important to consider  
15 other things like liabilities; right?

16 A Certainly.

17 Q Are there liabilities reflected on the balance sheet?

18 A So we have -- above that 257 is the different assets.  
19 Below that we begin to see the different liabilities for this  
20 company. The total liabilities number is the 208,413. So  
21 while the total assets of the firm are \$257 billion, the book  
22 value of liabilities here is \$208 billion.

23 Q Okay. And let's look at the next page for the jury  
24 here. Is this the -- one of the certifications that you were  
25 talking about earlier?

1           A     Yes, sir.

2           Q     All right. And would you read for the jury what it  
3 says here under the certification?

4           A     Certainly. I'll look at it up here (as read):

5           Certification of chief executive officer. I, James D.  
6 Farley, Jr., President and Chief Executive Officer of Ford  
7 Motor Company (the Company), hereby certify, pursuant to Rule  
8 13a-14(b) or 15d-14(b) of the Securities Exchange Act of 1934,  
9 as amended, and Section 1350 of Chapter 63 of Title 18 of the  
10 United States Code, that, to my knowledge, the Company's annual  
11 report on Form 10-K for the period ended December 31, 2021, to  
12 which this statement is furnished as an exhibit (the Report),  
13 fully complies with the requirements of Section 13(a) or 15(d)  
14 of the Securities Exchange Act of 1934, as amended, and the  
15 information contained in this Report fairly presents, in all  
16 material respects, the financial condition and results of  
17 operations of the Company. Dated February 3rd, 2022. Signed  
18 James D. Farley, Jr. (end reading).

19          Q     So that's a certification from Ford's CEO that the  
20 information contained in this report reflects the financial  
21 condition and operations of the Ford Motor Company?

22          A     Yes, sir.

23          Q     Okay. Is there an additional certification there, as  
24 well?

25          A     There is, on the next one.

1 Q And who is that from?

2 A This is from the chief financial officer.

3 Q And who's that?

4 A John T. Lawler.

5 Q All right. And I won't have you read for the jury,  
6 but is it the same certification as the chief executive officer  
7 also signed?

8 A Yes, sir.

9 Q Okay. Now, Dr. Brooks, this is the -- these are  
10 excerpts from the 2021 earnings year for Ford; is that right?

11 A Yes, sir.

12 Q Okay. This wasn't the only 10-K that you looked at,  
13 was it?

14 A It was not.

15 Q You looked -- what years of 10-Ks did you examine?

16 A I looked at four years, four consecutive years, and  
17 this was the most recent year that I looked at.

18 Q Okay.

19 A And the most recent year available.

20 Q Did you create any sort of notes based on your  
21 examination of the four 10-Ks?

22 A Yes, sir, I did.

23 Q And would that -- would those notes be helpful to the  
24 jury in finding out facts about this case or illustrating your  
25 opinions?

1           A       I thought it would be very helpful. These are large  
2 documents, and so I try to come -- compile to the most  
3 important numbers.

4           MR. PHILYAW: Your Honor, may I approach?

5           THE COURT: Yes.

6 BY MR. PHILYAW:

7           Q       All right. Dr. Brooks, I'm handing you a document  
8 which has been premarked as Plaintiffs' Exhibit 813. What is  
9 that document?

10          A       These -- these are the notes I compiled based on  
11 everything that I looked at.

12          Q       Okay. And as you said, would this be helpful for --  
13 to illustrate your opinion to the jury?

14          A       Yes, sir. I --

15          MR. BOORMAN: And, Your Honor, we understand the  
16 Court's ruling, but we reserve our objection on the basis  
17 of relevance for the previous statement.

18          THE COURT: The objection is overruled but preserved.

19          MR. PHILYAW: Charlie, thank you. All right. If you  
20 could zoom in, try to make it a little bit larger. Okay.

21 BY MR. PHILYAW:

22          Q       So Dr. Brooks, start out by just sort of telling us  
23 how you organized your chart.

24          A       So what I wanted to show is several measures of cash  
25 flow through -- through this firm, and then some measures of



1 the value of different key items, and then finally cumulative  
2 measures here over this four-year window, what were different  
3 measures of earnings or funds that move to investors.

4 Q And does this chart help break down some of the  
5 categories that you think are the most informative of Ford's  
6 financial condition?

7 A Yes, sir.

8 Q And did you make that assessment after reviewing all  
9 of Ford's 10-Ks?

10 A I did.

11 Q Okay. Let's go ahead and start with the first  
12 category of cash flow measures. What is that?

13 A So in cash flow measures, the first item I have is  
14 total revenue. So for all of, what, vehicles sold start off,  
15 credit all the time. This is -- this is the total revenue,  
16 each one of the fiscal years I analyzed moving across from  
17 2018's fiscal year to 2021 fiscal year. I took a basic average  
18 there. The average revenue over this period was just under  
19 \$145 billion.

20 Q Okay.

21 A And I added the zeros here for ease of reading, also.

22 Q Okay. So just to be clear, we're moving across the  
23 chart from left to right, showing what they earned in 2018,  
24 what is their revenue in 2019, 2020, 2021. And then you  
25 created an average of those four?

1           A     Yes, sir.

2           Q     Okay. And we already talked about, a little bit,  
3     what total revenue is, but would you just explain that to us  
4     once more.

5           A     So if you think about you have something that you're  
6     trying to sell, the price at which you sell it, and then adding  
7     up all of those dollars that come in when you sell things is  
8     your total revenue.

9           Q     Okay. What's the next category you have there?

10          A     The next category is cost and expenses. This would  
11     include -- there are raw materials that are needed, parts that  
12     are needed, you have to pay employees, all these kind of other  
13     administrative costs would fit in that category.

14          Q     And what did you ultimately find out about Ford's  
15     cost and expenses?

16          A     So you'll notice the number is also quite large,  
17     almost \$144 billion.

18          Q     All right. What's the next category you moved on to?

19          A     The next category is operating income. This is  
20     commonly reported by firms that shows in each year revenue  
21     minus expenses. Before we get in to things like corporate  
22     income tax or interest paid by the firm, this is money  
23     generated from operations.

24                 And you can see the effects of COVID here. We have a high  
25     number and then we have some of the effects of COVID. And then

1 2021, we're back post-COVID with a significantly positive  
2 number of about \$4.5 billion.

3 Q Okay. And when you're -- when you're talking about  
4 the effects of COVID, is that moving through the years, seeing  
5 a positive -- a very large positive number in 2018 and then  
6 moving into 2019, and then a drop in 2020?

7 A Yes, sir.

8 Q Okay. And then, like you said, a rebound in 2021?

9 A Yes, sir.

10 Q Okay. The next category is net income. Can you  
11 explain the difference between operating income and net income  
12 for us?

13 A So operating income is going to be revenues minus  
14 expenses, but there's more to the management of the firm. Net  
15 income will include things like interest, things like corporate  
16 taxes, and gives -- sometimes it's referred to as "the bottom  
17 line," truly what is the profit generated by this firm.

18 Q All right. Tell us about Ford's net income over the  
19 last four years.

20 A So their net income in 2018, \$3.6 billion; 2019,  
21 47 billion; in 2020, negative of about \$1.3 billion; and then  
22 2021, almost \$18 billion.

23 Q And that's much larger than the previous year's  
24 income?

25 A Yes, sir.

1 Q Okay. Now, what's the next category that you have on  
2 there?

3 A The next category is cash dividend. When firms  
4 generate a profit, and even when firms don't generate a profit,  
5 they can decide how to pay out dividends to their stockholders.  
6 And -- and the reason I included this is, this is money as a  
7 firm you can't get back once it's paid out to the stockholders,  
8 so there's a certain level of confidence you have to have about  
9 your prospects moving forward in order to pay this out.  
10 Typically, if firms are in distress, they will stop paying out  
11 dividends. But this is a measure of funds going out the door  
12 to investors.

13 The numbers here -- in the first year we have about  
14 \$3 billion; in 2019, 2 billion; in 2020, even with a very  
15 negative net income, we have half-a-billion dollars paid out to  
16 investors; and then 2021, a little under -- well, \$400 million  
17 paid out in dividends.

18 Q So what does that suggest to you that Ford was able  
19 to pay out cash dividends in a year where it had a negative net  
20 income?

21 A Even in the midst of havoc with the effects of COVID  
22 being in full swing, they were confident on their future  
23 prospects, confident enough to continue to pay a large amount  
24 of dividends to their investors.

25 Q And is that reflected based on what ultimately

1 happened in their net income the following year?

2 A Certainly.

3 Q All right. Dr. Brooks, the next category that we  
4 have on the chart . . .

5 (Messrs. Philyaw and Butler confer privately.)

6 BY MR. PHILYAW:

7 Q Okay. Just to make sure that it's clear in what  
8 happened the next year, looking -- can you explain that to us,  
9 in terms of how Ford's net income changed from 2020 to 2021  
10 base and compare that to their cash dividends.

11 A So there's a -- you're asking the net income and cash  
12 dividends in 2020 and 2021?

13 Q Yes.

14 A Okay. In 2020, we have the impacts of COVID, but  
15 there was still a fair level of confidence moving forward. The  
16 profitability prospects are very good for this firm, and so  
17 they paid \$600 million in dividends.

18 In 2021, there was a couple of different things that led  
19 to this very large net income number. Some of them had to do  
20 with divestitures. Sections of the firm, they were able to  
21 sell off at a profit. Some of it had to do with different  
22 investments that they owned that turned to significant profit.  
23 It all kinds of runs -- it all kind of runs together  
24 post-COVID, I feel like. But there was a big rebound in  
25 markets in that year and some of that is reflected here.

1 Q So even when they lost money in the year, they were  
2 confident enough that they were going to make money the next  
3 year that they could pay out money to their shareholders?

4 A Yes, sir.

5 Q Okay. Tell me about the next category on your chart,  
6 which is value measures.

7 A So the next category -- in the first category, I  
8 wanted to look at what is -- what are the dollars moving  
9 through this firm, and then the value measures, what is a good  
10 measure of the overall size of this company and different  
11 things that would indicate that.

12 Q What's your first indicator?

13 A Cash and cash equivalents.

14 Q Okay. And is that what we talked about already, I  
15 guess, the money-in-the-bank type of category?

16 A Yes, sir.

17 Q Okay. And what did you find out about Ford's cash  
18 and cash equivalents across these four years?

19 A They have been able to maintain, even in the crisis  
20 of COVID, a very significant amount of cash.

21 Q And how much did it ultimately average out to?

22 A About \$20 billion.

23 Q Okay. What's the next category under value measures?

24 A The next category is total assets.

25 Q Explain what total assets are.

1           A     So this is a book value measurement. When equipment  
2 is purchased with property plan -- equipment is purchased, even  
3 the purchase of things like patents, these are all of the  
4 assets used by Ford to generate their revenue.

5           Q     And what was ultimately Ford's total assets across  
6 those four years?

7           A     You'll see the relatively stable number, but we have  
8 an average here of about \$260 billion.

9           Q     Okay. But like we said, it's also important to take  
10 into account liabilities; right?

11          A     Certainly.

12          Q     And is that the next category in your chart?

13          A     Yes, sir. So these --

14          Q     Tell us about that.

15          A     These are -- as a firm, you can finance your assets  
16 by issuing stock or equity in the firm. You could also finance  
17 these purchases by issuing debt. And, so, this is the debt  
18 that has been -- this is the money borrowed by Ford in order to  
19 facilitate their investments and their assets.

20          Q     What does that mean, facilitate their investments?  
21 Does that mean potential growth?

22          A     Absolutely. A company is not going to go and borrow  
23 a lot of money unless they have a reasonably good sense that  
24 they'll be able to turn a profit. And, so, these are funds  
25 that came from creditors in order to build out that set of

1 asset.

2 Q Okay. Now tell us about the next category. I think  
3 we talked about this a little bit, the market capitalization.

4 A So this is the value if you were to purchase all of  
5 the firm's outstanding stock. It's shown midyear, the 10-K,  
6 but this is a market value measure. And, so, this is something  
7 that changes every second of every day. This is a very big  
8 company, probably among the largest 200 firms in the world  
9 based on market cap. And every second of every day, people are  
10 trading different information on this firm. And this gives a  
11 good indication of what investors see as the value of this  
12 enterprise.

13 Q And remind us again how you come up with the market  
14 cap.

15 A So in real time, these numbers are changing. But in  
16 the 10-Ks, they have a reported midyear number, which is if you  
17 were to purchase all the stock on that day at whatever the  
18 price was on that day.

19 Q Okay. So we talked about this a little bit earlier.  
20 I think it was on page 2 of 757a. Is that the date which was,  
21 I guess, you picked out or was reflected in Ford's filing?

22 A Yes, sir. That's the date reflected there.

23 Q Okay. And that's the -- was the price on that day  
24 that was used to calculate that number?

25 A Yes, sir.



1 Q Okay. And, so, it's from Ford's own information?

2 A Yes, sir.

3 Q Is -- do you know whether or not that number has  
4 grown?

5 A To continue to build a full picture, I also looked at  
6 quarterly statements for this firm. The -- before my  
7 deposition, I was able to look at the first quarter statement.  
8 After my deposition, the second quarter statement came out.  
9 This number you can look up fairly easily by googling the  
10 ticker symbol, which is the letter F. And I looked yesterday  
11 and I think we were in the sixties. So that's sixty-something  
12 billion dollars.

13 Q So Ford's market cap now is actually larger than  
14 what's reflected in the 2021 column there?

15 A Yes, sir. It's continued to increase from this  
16 particular point.

17 Q Okay. Do you remember what the market cap was  
18 yesterday?

19 A I think it was 63 or 64 billion.

20 Q Now, tell us about the last category you have under  
21 value measures there.

22 A So enterprise value is very commonly used by  
23 investors to measure the market's view of a firm's value. The  
24 -- all of the numbers above market capitalization come from the  
25 firm's financial statements. Because, market capitalization,

1 you can find it every second of every day, often investors will  
2 use this because the market value of the firm's stock could be  
3 different from the book value or the value when the stock was  
4 initially issued. You can get the -- we call this "equity" --  
5 you can get the book value of equity by taking total assets  
6 minus total liabilities. And you would get about \$49 billion  
7 there; and that is from 2021, the 257 minus 208.

8 Notice the market at this point in time, the 58 billion.  
9 The market values that much higher than what we see on the  
10 financial statements, and we would want this to happen. If  
11 investors are purchasing stock from a company, we would hope  
12 the management is adding value to that. And markets believe  
13 that they certainly have and that's why our 258 numbers are a  
14 bit higher.

15 For enterprise value we take the market capitalization, so  
16 that's the market's view of the firm's equity. We also take  
17 total liabilities that we borrowed those monies to invest in  
18 the firm. And then we subtract cash, and that's because cash  
19 is just in the bank account; it hasn't been used to purchase  
20 property like equipment and things like that. So this is --  
21 this provides a market value measure of the total value of the  
22 company.

23 Q Okay. Let's break that into a few smaller pieces.  
24 You mentioned a couple of terms in there. One was "market  
25 value" and one was "book value." Can you kind of just

1 generally explain what the differences between those two are  
2 for us?

3 A Certainly. And I'm going to -- I'm trying to keep  
4 this concise. I teach market value and book value next week in  
5 my intro to finance class.

6 So book value when you purchase something you're writing  
7 down here's the price I purchased it. And, then, if it's  
8 equipment, it could be depreciating with time.

9 Market value is, well, what is it worth today; right? And  
10 it could be that market value fluctuates all over the place.  
11 The area where you see this effect is most pronounced is in a  
12 firm's stock price. Every fraction of a second, that is moving  
13 all over the place. It's affected by all kinds of things, the  
14 macroeconomic level, investor sentiment -- all that kind of  
15 stuff.

16 Q Okay. And you said, I believe -- correct me if I'm  
17 wrong -- that Ford's market value based on that market cap  
18 number was actually larger than what its book value would be  
19 reflected by these numbers. Is that right?

20 A Yes, sir.

21 Q Okay. What does that mean to you in your opinion?

22 A At -- at a surface level, this means that the book  
23 value, 49 billion, in equity from investors, that markets  
24 believe a lot of value has been added to this firm through the  
25 years. And the market values the firm stock, what, 58 billion

1 here, 60-something billion yesterday.

2 Q So if the market value is greater than the book  
3 value, does that generally mean that investors have a positive  
4 outlook on what Ford's financial future is like?

5 A It can certainly be interpreted like that.

6 Q Okay. Now, the last category that you have in your  
7 chart, it's called "cumulative measures." And it looks like we  
8 have a couple of different categories that have been included  
9 above. Can you explain what you did here?

10 A So what I wanted to do is take this four-year window  
11 and show how much in profit, net income, was generated by this  
12 firm over these years, and then how much -- how many dollars  
13 were returned to their shareholders, so funds the management  
14 are knowing they can't get these funds back, the dollars that  
15 were transferred out of the company to the hands of their  
16 investors.

17 Q Does it -- so how -- what did you do with these  
18 numbers here, at the bottom on your table?

19 A So what I did is the right-most column here, I just  
20 have the total. So the total net income -- some people return  
21 -- refer to it as "profit" -- the total profit over these years  
22 is \$20 billion, and of that they paid out 6 billion to  
23 shareholders.

24 Q And that's just over the last four years?

25 A Yes, sir.

1           Q     Okay. Now, Dr. Brooks, did you look at any other  
2 figures when you were analyzing Ford's financial information?  
3 Obviously, there's a lot of data that's packed into these  
4 Form 10-K reports.

5           A     I tried to look at anything that I felt would be  
6 important for describing the financial health of this firm.

7           Q     And I think if you looked at other figures and  
8 plaintiffs' lawyers advise you the presentation of such  
9 information might violate court orders, would you avoid  
10 presenting that to the jury?

11          A     Absolutely.

12          Q     Okay.

13          A     Typically, they are not divining experts. They give  
14 me a general question and I start assembling information I  
15 think could be helpful. And, so, as I recall, there was  
16 something I had put in there that I later learned wasn't  
17 supposed to happen there for whatever legal reason, so I  
18 removed it.

19          Q     Okay. Did you look at any other categories besides  
20 that, as well?

21          A     In my survey of the documents or in previous notes  
22 that I made?

23          Q     In your previous surveying notes.

24          A     I looked at a massive number of different factors  
25 trying to see what gives some good indication about the overall

1 financial health of the firm. I probably -- I think when I  
2 initially started on this, there's some very complex ways  
3 people seem to analyze these things. But I decided to keep it  
4 as simple as possible and try to exclusively present numbers  
5 that come directly from Ford's financial statements.

6 Q Okay. And, I mean, there's a lot of information in  
7 this doc -- in these documents. There's no way that you can  
8 memorize every single fact or figure.

9 A I'm --I don't have a photographic memory,  
10 unfortunately.

11 Q It wouldn't be fair to give you a memory test on  
12 that, would it?

13 A No, sir.

14 Q Okay. Now, Dr. Brooks, have you ever drafted a 10-K  
15 before?

16 A I never have.

17 Q It -- why is that?

18 A It takes teams and teams of people with a variety of  
19 skill sets. You need accountants. You need accountants with  
20 specialties in different segments. You need to have people to  
21 gather all the data to supply to the accountants. You have to  
22 have a legal team to make sure the language and the wording is  
23 precisely what's allowed and precisely what's intended. Public  
24 relations, think about how this will affect your stockholders.  
25 It takes a large number of people to put these together.

1           Q     So it wouldn't be fair to say that just one person  
2 drafts these documents?

3           A     It -- it's difficult for me to imagine, even the  
4 company a fraction of this size, having somebody who could do  
5 every facet of that task.

6           Q     Now, is information in the form 10-K separated out on  
7 a state-by-state basis?

8           A     Not to the best of my knowledge.

9           Q     If that information was provided to you by Ford Motor  
10 Company, would you have looked at it?

11          A     I would have been happy to.

12          Q     Okay. So Dr. Brooks, I want to take you through the  
13 last part of your chart -- or your chart here. Point out to  
14 the jury some of what you think are the most informative  
15 numbers on this chart for the overall financial condition of  
16 Ford Motor Company.

17          A     So as it turns out, often the language people use  
18 isn't as precise as the language used in a particular field.  
19 And, so, I'm going to try to translate from the more complex  
20 terms to the simple terms here. If we want to have a -- if  
21 someone asked what is the value of this company, you could  
22 intuit in two ways.

23                You can say, well, what is the accounting statement value,  
24 and that would be total assets. Our average here just under  
25 \$260 billion.

1 Another way you can answer that question is to say, well,  
2 what's the market value or -- of this firm? And their  
3 enterprise value would be most appropriate. And here we have  
4 the market cap and total liabilities, and then even there we've  
5 taken out the 20 billion in cash. So that is the number we can  
6 refer to, what is the overall value of this firm.

7 Sometimes people will use the idea of net worth. So tell  
8 -- what is the individual's net worth? Well, what all do you  
9 own, what all do you owe? In terms of net worth here, we can  
10 answer in both ways, also.

11 From an accounting standpoint, the net worth of this firm  
12 would be total liabilities minus total assets. So in the most  
13 recent year, the net worth here is 29 million. Markets value  
14 that much higher than the accounting numbers, and the market  
15 value measured there is the 58 billion at midyear 2021 or  
16 60-something more recently.

17 Q Dr. Brooks, just -- and you said you've analyzed  
18 hundreds of 10-Ks over the course of your career. Does the  
19 information that you looked at in terms of Ford Motor Company  
20 reflect that it is a generally profitable company?

21 A It does. There's an enormous number of firms that  
22 did not fair very well through COVID, but this is a firm that's  
23 remained in very good condition across these years.

24 Q And in your opinion does it reflect that it is still  
25 in good financial condition?



1           A       It is.

2                   MR. PHILYAW: Dr. Brooks, I have no further questions  
3       at this time. Thank you very much.

4                   THE COURT: Cross?

5                   MR. BOORMAN: Yes, Your Honor. Thank you.

6                   Good morning, ladies and gentlemen.

7                   THE JURY: (Chorus of "good morning.")

8                                   CROSS-EXAMINATION

9       BY MR. BOORMAN:

10           Q       Dr. Brooks, my name is Mike Boorman. We have met  
11       before. I just have a few questions for you about your  
12       analysis and some things you were providing and some things  
13       that you were not providing.

14                   You mentioned numbers related to revenue. And the revenue  
15       numbers that you showed come from operations all over the  
16       world, correct, not Georgia or not even the United States?

17           A       Yes, sir.

18           Q       Okay. And these 10-K documents that you looked at,  
19       the reason why those are put together is for shareholders and  
20       people who may become shareholders; is that true?

21           A       It is for shareholders, but it's also for a number of  
22       other interested parties.

23           Q       Understood. I'm sorry, did I cut you off?

24           A       No.

25           Q       Okay. So as a public company, shareholders own a

**C E R T I F I C A T E**

STATE OF GEORGIA

COUNTY OF GWINNETT

I, Randi E. Strumlauf, being a Certified Court Reporter in and for the state of Georgia, certify that the foregoing pages, numbered 3986 through 4092, constitute, to the best of my ability, a true, correct, and complete record of said proceedings reported and transcribed by me or under my direction; that I am not a relative, employee, attorney, or counsel of any of the parties or their counsel; nor do I have any interest in the outcome of the above-styled proceedings.

This certification is expressly denied upon the disassembly and/or photocopying of the foregoing transcript, in whole or in part, unless such disassembly/photocopying is done by the undersigned and original signature and official seal are attached thereon.

Witness my hand and official seal, this 8th day of December 2022.

